

This is an English translation.

The original Icelandic text, as published in the Law Gazette (Stjórnartíðindi), is the authoritative text. Should there be discrepancy between this translation and the authoritative text, the latter prevails.

CHAPTER I

General Provisions

Article 1

Objective

The purpose of this Act is to prevent money laundering and terrorist financing by imposing on parties engaging in activities which may be used for the purposes of money laundering and terrorist financing the obligation to obtain knowledge of their customers and their business activities and report to the competent authorities any knowledge of such illegal activities.

Article 2

Scope

The Act covers the following parties:

Financial undertakings pursuant to the definition in the Act on Financial Undertakings;

Life insurance companies and pension funds;

Insurance brokers and insurance intermediaries pursuant to the legislation on insurance brokerage when they broker life insurance or other savings-related insurance pursuant to Article 23 of the Insurance Act No. 60/1994;

Branches of foreign undertakings located in Iceland and falling within the scope of subsections (a) to (c) and subsection (m);

Natural or legal persons which, by way of business, engage in foreign exchange trading or the transfer of funds and other assets;

Attorneys and other legal professionals in the following instances:

i. When they manage or represent their clients in any form of financial or real estate dealings;

ii. When they assist in the organisation or conduct of business for their clients with respect to the purchase and sale of real estate or enterprises, manage cash, securities or

other assets of their clients, open or manage commercial bank accounts, savings bank accounts or securities accounts, arrange financing needed for the establishment, operation or management of enterprises or establish, operate or manage custody accounts, enterprises and similar entities;

Auditors;

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Brokers of real estate, enterprises or vessels;

Natural or legal persons engaged, by way of business, in trading in goods for payment in cash in the amount of EUR 15 000 or more, based on the officially posted exchange rate at any time, whether the transaction is executed in a single operation or in several operations which appear to be linked;

Trust and company service providers, as defined in Article 3;

Legal or natural persons who have been granted an operating licence on the basis of the Lotteries Act, and parties permitted under special legislation to conduct fund-raising activities or lotteries where prizes are paid out in

cash;

Payment institutions and their agents pursuant to the Act on payment services.

The Financial Supervisory Authority may decide that parties falling within the scope of subsections (a)-(e) and subsection (m) of paragraph 1 and engaging in financial activities on an occasional or very limited basis, and where there is little risk of money laundering or terrorist financing, should be exempt from the provisions of this Act.

Anyone to whom the provisions of this Act apply is obliged to provide all the assistance necessary to ensure that the provisions of the Act may be enforced.

Article 3

Definitions

For the purpose of this Act the following definitions shall apply:

Money laundering: actions by which a natural or legal person accepts or acquires, either for itself or others, proceeds by means of a violation punishable under the General Penal Code or other statutory law. The term shall

also apply to actions by which a natural or legal person undertakes to convert such proceeds, transfer them, safeguard them, assist in their delivery, conceal them or information on their origin, nature, location, disposal or transfer, or promotes by other comparable means the achievement for others of the proceeds from such punishable violations.

Terrorist financing: the collection of funds with the intention that they should be used or in the knowledge that they are to be used for the purpose of carrying out an offence which is punishable pursuant to subsections (a) – (c) of Article 100 of the General Penal Code.

Proceeds: any kind of profit and assets of any kind, including documents intended to entitle the bearer to access to assets or other rights of a financial value.

: Beneficial owner: a natural person, one or more, who ultimately owns or controls the customer, legal person or natural person on whose behalf a transaction or activity is being conducted or carried out. A beneficial owner may include: